

Vehicle Dealer License Types

Basic Guidelines for Motor Vehicle Dealer License Types

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Congratulations!



You have made the decision to become a licensed motor vehicle dealer and are ready to submit an application for the type of license for which you will be conducting business.

- ▶ Your license may be impacted by statute specific to its type
- ▶ Please review this presentation to determine the license type for which you want to apply



What are the license types?

- ▶ **New Dealer**
- ▶ **Used Dealer**
- ▶ **Public Consignment Auction Dealer**
- ▶ **Wholesale Dealer**
- ▶ **Wholesale Auction Dealer**
- ▶ **Broker**
- ▶ **Manufacturer**
- ▶ **Distributor**
- ▶ **Auto Recycler**

What does each license type allow you to do?

If the license type is...

- ▶ **New** – You can sell new and used vehicles retail; wholesale and on consignment
 - Need a franchise appointment letter from the manufacturer of the make of vehicle you are selling
 - You are required to operate from your licensed established place of business
- ▶ **Used** – You can sell used vehicles retail; wholesale and on consignment
 - You are required to operate from your licensed established place of business
- ▶ **Public Consignment Auction Dealer** – You can sell retail or wholesale and on consignment **only** and **only** at live auction
 - You are required to operate from your licensed established place of business
 - You may not buy from a wholesale dealer or the public
- ▶ **Wholesale** – You can sell wholesale **only** to other licensed dealers
 - You may not advertise or give the appearance of selling or offering to sell retail
 - Non-compliance may result in civil penalties of \$1000 - \$3000 per sale or offer to sell and loss of license
 - You must title all vehicles in name of wholesale license before transferring title
 - You may operate from your residence as your licensed principle place of business

What does each license type allow you to do?

If the license type is...(Continued)

- ▶ **Wholesale Auction Dealer** – You can act as a clearing house for dealer to dealer sales
 - Solely in wholesale transactions to licensed motor vehicle dealers **and**
 - You do not buy, sell or own the vehicles auctioned in the ordinary course of business
- ▶ **Broker** – You can act as a locator service to find a specific vehicle for your customer and provide a service of arranging or assisting in effecting the purchase of a motor vehicle
 - You may not advertise for sale of exchange any specific motor vehicle
 - Or be an employee or agent of a new, used, auctioneer, manufacturer or a wholesale dealer
- ▶ **Manufacturer/Distributor** – You can franchise licensed dealers to sell your product; You may not sell direct to the consumer
- ▶ **Auto Recycler** – You can buy vehicles for the purpose of dismantling and selling the parts and accessories

Questions?

Need answers? For additional resources

- ▶ **Call Dealer licensing at 602.712.7571 Option 7**
- ▶ **Review Arizona revised statute, Title 28 Chapter 10 at azleg.gov**
- ▶ **Contact Arizona Independent Auto Dealers Association (AIADA) for information regarding compliance classes at 602.246.1498**